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Summary Report
of the
Supervised Credit Special Short Course
conducted by
The Farmers Home Administration
Karl J. Magleby - Technical Leader

Duration - December 5, 1955 to January 27, 1956.

Training center - Bellefonte, Pennsylvania, using the facilities of the
FHA County Office and the participation of borrower
families to demonstrate field operations.

Participants:

From: Bolivia	Luis Antonio Mendoza
Brazil	Henrique Pinto DaCosta
"	Arnaldo Gazzinelli
"	Josemar Ferraz Rodrigues
"	Hans Georg Sippel
"	Odracir Stolf
Jamaica	Clarence B. Elliott
"	Oswald E. Gardner
"	Hugh L. Phillips
"	Clifford H. Valentine

Assisting in Training and Demonstrations concerning various aspects of
FHA programs were the following:

Mr. Karl J. Magleby, Special Assistant to Administrator, FHA
Mr. George Hummer, State Director, FHA, for Pennsylvania
Mr. Claude H. Myers, County Supervisor, FHA
Mrs. Kemper Lee Spritzer, County Office Clerk, FHA
Mr. John A. Noel, Area Supervisor, FHA, Pennsylvania
Mr. Edward Angle, Program Chief, FHA, Pennsylvania State Office
Mr. John M. Lovorn, Farm Appraisal Specialist, FHA
Mr. Ralph E. Pope, Chief, Finance Control Branch, FHA, National
Finance Office.

Objectives of the Course:

The objectives as outlined in the Program prepared for the course and as
expressed by the participants are summarized as follows:

1. To gain an understanding of the functions of various agencies
working with farmers at the county level and the methods used
to coordinate the work of these agencies.
2. To learn the general methods used in extending credit to farmers
and the types and volume of loans made from various sources.
3. To study the details of the history, philosophy, organization and
techniques of the Farmers Home Administration in conducting a
Supervised Credit program.
4. To gain ideas as to methods that can be adapted for use in organizing
and administering a Supervised Credit program in the home countries
of the participants.

Objectives in conducting the course were to furnish information and show examples that would help reach the foregoing objectives, and in addition, a conscious effort was made to give the participants an opportunity to observe democracy in action as it effects farm families and their communities. They visited farms and farm homes and talked to members of farm families about their farm operations, their living conditions and their economic problems. They attended meetings of farmers where they observed the free discussion of ideas with each person having the privilege of unquestioned expression of what he wanted to say. They observed farm people as they conducted their business in a typical "county seat town" and had a chance to become acquainted with the business people who served the farmers. They were invited into the civic clubs where the business people showed a genuine interest in them and gave them opportunity to see how these organizations function in the community. In other words, an effort was made to present the work of the Farmers Home Administration in its proper perspective as it applied to farmers in a typical American county.

Training Methods:

The general approach used in presentation of material was somewhat like "Job Instruction Training." Each subject was divided into parts that could be discussed in logical steps and then each part was presented in this order:

1. The general policies and principles were discussed and, where applicable, FHA procedure was studied or other printed material was given which formed the basis for free discussion and questions.
2. A demonstration would be given as near as possible of the subject discussed. In some cases actual case files of active borrowers were reviewed. In other situations, opportunity was given to see the County Staff members working with borrower families on some phase of the program, either in the office or on the farm. The training process moved from a theoretical discussion to observation of an actual situation as soon as it could be done and wherever possible.
3. Then there would be a discussion of the steps that had been demonstrated and each part related back to the previous discussion of procedures, etc., making sure there was a clear understanding of the principles involved as well as the methods used.
4. The participants were given assignments of filling out forms where they could practice the methods demonstrated, then there would be further group discussion of the results of this exercise.
5. An assignment was given early in the course that each participant would prepare all the forms used in an FHA Production and Subsistence loan application, but using the farm enterprises and a system of farming that would be typical for their own country. This assignment was to be completed and ready for discussion towards the end of the course. As each step in the loan making process was discussed and demonstrated, the trainees were reminded of this assignment and they were urged to be thinking about how the procedures and methods could be adapted for use in their own countries. The results of this assignment will be covered later in this report.

6. As a summary of the discussion of each step a brief outline of the key points would be written on a chart or blackboard so that they could copy it for future reference. By this method there was greater assurance that they would have a clear understanding of the points and that they would not be trying to take notes during the preliminary discussions. This method was especially good since some of the participants did not always understand the English terms that were used in the discussions.
7. The Technical Leader was always watching to see if the participants appeared to be grasping the information as discussions progressed, whether led by him or someone else. Whenever it appeared necessary there would be an interruption of the discussion and a restatement of points previously covered to be sure that they were understood. Often the other participants would help make an explanation to one of the group, sometimes in their own language and terms.

Preliminary Orientation of the Participants:

There was some concern on the part of the Technical Leader at the beginning of the course about being able to put the group at ease and get them to participate freely in discussions, particularly since three countries were represented with different languages and race origins. To develop a "free and easy" working relationship the program was conducted on a very informal basis. We started by each of us giving a brief statement of our past experience and family background. Then each of the participants was asked to give a brief description of the country or section of the country from which they came and their job in their home land. They also stated their objectives in coming to America and what they wished to get out of their stay here.

The problems of the farmers of each country were listed on the blackboard and comparisons made of the different countries and the United States in this regard.

From these discussions we developed a very friendly relationship and found a common ground for free discussion. There had developed a genuine interest in each other and before the first week was past we had an excellent setting for free discussion where each person would not hesitate to raise questions because of language problems, or otherwise.

Information concerning the agriculture of the local area was reviewed as well as general data about the state. A field trip was taken to show some typical farms in the county so that they could have a visual picture of a "farm" as it was usually referred to in our discussions. A visit was made to the campus of Pennsylvania State University where several officials met the group and the work of the University was explained.

There was a general discussion of the agriculture of the United States, including the current trends in such data as number and size of farms, farm debt, capital requirements, labor requirements, mechanization, arable acreage, yields, livestock numbers, prices, markets, grading of products, etc. Each participant was furnished copies of the Agricultural Outlook Charts for 1956 and other printed material. The general agricultural conditions were summarized for the group.

The general credit available to farmers was reviewed and printed material given to show the various types and amounts of loans made by the different lenders. At this point a definition of Supervised Credit was developed and reasons given to show why the Farmers Home Administration was established to furnish this type of credit.

The program of the Farmers Home Administration was explained giving the history, philosophy, extent of the program, and the organization and the functions performed at each administrative level. The general methods of administering the program were explained using charts, FHA Procedure and other printed material, copies of which were given the trainees.

It was difficult for the participants to visualize the functions of the several agencies working with farmers and methods used to coordinate this work to avoid duplication and confusion. Most of one week was spent by having local county workers in these agencies and institutions come before the group and take several hours explaining just what they do in helping farm families. The trainees would ask questions and, where necessary, the Technical Leader would help explain how the work was coordinated at the National, State and County levels. During this period the following local officials appeared before the group and explained their program:

County Agent and Home Demonstration Agent
Soil Conservation Work Unit Supervisor
Two members of the Agricultural Conservation Committee
Manager of the Production Credit Association
Manager of the National Farm Loan Association
President of Bellefonte Trust Company
Cashier of The First National Bank of State College
Three members of the FHA County Committee

As a result of these discussions and visits to farms where two or more agencies had worked together in solving a farmer's problems, the trainees were shown how farmers are served without undue duplication or conflict. The trainees were anxious to see how this was done because in all cases their countries were in the process of reorganization of agricultural programs and they would be called upon for advice in this regard.

Training in FHA Procedures and Methods:

Each step in processing an application for a Production and Subsistence loan was studied. The FHA procedure was reviewed and each step demonstrated by discussion of actual cases with applicants as well as visits to their farms to show what the Supervisor does in processing a loan. The preparation of the Long-Time and Annual Farm and Home Plans was discussed and this process was demonstrated by the Supervisor working with a family in their preparation. The files and records maintained in the County Office were studied by the trainees and the County Office Clerk demonstrated each step taken in preparing the different documents and making the records in processing and closing a loan. The group observed the closing of a loan including the taking of the mortgage and the establishment of a supervised bank account for the expenditure of loan funds. After each step was taken the policies and methods involved were reviewed again to make sure they were clearly understood.

This same method of presentation was used for each of the types of loans made by the Farmers Home Administration but we did not go into as much detail on points that were similar to the processing of a Production and Subsistence loan. There was considerable additional discussion of the policies and procedures of the Farm Ownership program, including an outline and demonstration of appraisal methods used in this program.

For all types of loans the trainees were furnished with the FHA procedure and forms used in making these loans and there was a deliberate effort made to get the trainees to refer to procedure for the answers to their questions.

The policies and methods used by FHA in loan and security servicing were discussed and County Office records and case files were used to demonstrate the steps taken to make collections and keep the proper records concerning security for loans.

The methods used in keeping centralized accounting and financial records for all FHA borrowers in the United States at the FHA National Finance Office in St. Louis were explained. The procedures used in obtaining a loan check from the Finance Office were studied and the forms and documents used in processing a loan docket were given each trainee. The County FHA Office records were used to show how the National Finance Office records are coordinated with them, and the functions of each office in connection with the making of loans and the handling of collections were demonstrated.

Methods used in the analysis of a loan application were discussed and by use of actual case files the basic policies applying to approval of that type of loan were reviewed and the essential points to consider were emphasized. Cases were used that had been approved several years previously; then the actual conditions existing at present were reviewed which showed whether good judgment had been followed in approval of the loans. The delegations of loan approval authority to FHA officials were reviewed and the responsibilities of officials analyzed.

Summary information concerning the volume of all types of loans, collection records and the progress made by borrowers was presented which gave the trainees a basis for judgment as to the relative success of the programs that had been discussed with them.

One of the important steps in the FHA Supervised Credit program is the assistance given borrower families at the end of each crop year in analyzing their farm and home business.

Opportunity was given trainees to observe the "Year-end Analysis" process as it is done with FHA borrowers. They could thus see how the Supervisor reviews with the family the results of the past years' operations as shown by the family's Record Book and other records and also how the family develops the Farm and Home Plan for the coming year with the help and advice of the Supervisor. The realities of a Supervised Credit program can be very well demonstrated when a man and his wife discuss their problems, goals, financial success and personal matters with a Supervisor for two or three hours. In addition, the trainees also got to see the farm and see how it is operated. There were several such demonstrations and after the families were put at ease with the group, they discussed fully the details of their farm and home program.

Evaluation of the Study Course and Adaptation by Trainees of Information Received:

About two weeks before the end of the course an evaluation was made of the effectiveness of the course by Mr. W. W. Eure of Foreign Agricultural Service and Mr. F. L. Kerr of International Cooperation Administration. The original objectives of the study were reviewed and the trainees were asked for their statements concerning whether these objectives had been met. The report of these officials will show the results of the evaluation; however, there were several subjects discussed by the trainees which required additional coverage. Some of these subjects had been scheduled for discussion in the later part of the course but others were not originally on the program or had only been partially covered by the time of the evaluation.

The evaluation was very helpful in determining whether the trainees had received what was expected and also to gauge the effectiveness of the training methods. The subjects upon which additional training was needed were covered insofar as possible in the remaining weeks of the course.

As each subject was discussed throughout the course, the trainees were urged to consider any possible adaptation of the procedures, forms or methods to use in their own country. The Technical Leader constantly stressed the point that there was no intention to infer that methods used in the United States should be used in other countries; however, he did want to make sure that our methods were clearly understood as well as the reasons for using these methods so that the trainee could make any adaptation of them that might apply to his country. The trainees would raise questions concerning the possible use of some procedure or method and a discussion would follow of the conditions existing in their country and the possible adaptation of United States methods to their use. Suggestions concerning the situation would be given but only to help them to think through their own problems. Wherever possible, printed material would be furnished them for reference in explaining the results of their training to others when they arrive home or in carrying out assignments they may have.

As previously stated, each participant was asked to prepare a set of FHA forms used in making a Production and Subsistence loan, but using a system of farming typical of their home country. By this means their understanding of the policies, procedures and forms used in the course could be judged and also there would be evidence of the extent that these methods could be adapted for use by the trainees to conditions in their own countries. Each participant worked independently but was encouraged to ask any questions about completing the assignment. The last week was spent largely by each participant taking several hours to present to the group the "application" and loan docket that he had prepared. As this was done the policies involved as well as the details of preparing a loan docket were demonstrated. The quality of work done by the participants as shown by the presentation of their material and the adaptation to their own local conditions was amazing. There was good evidence that they understood the FHA methods of making loans and also that there had been some sound thinking in how similar methods could be used under conditions existing in their own areas. Members of the group would give helpful suggestions concerning proposals made by the one presenting his material and the whole process was a very good review of the entire course.

Conclusions and Recommendations:

Training a group consisting of trainees from several countries can be done very effectively if the proper orientation is done.

Demonstration of a typical rural community and the participation of farm families in it is necessary in order to provide the background for training in technical subjects such as "Supervised Credit".

Demonstration of the functions of various agencies working with farmers at the county level is necessary in order that trainees can understand the working of a single agency such as the Farmers Home Administration.

Training is most effective when practical jobs such as the processing of a loan with a farm family can be demonstrated for the trainees in actual situations. Academic training should be reduced to a minimum and demonstration and practice methods used insofar as possible.

To cover the details of the various activities of FHA in a short course, such as was done in this course, will require at least eight weeks. There should have been more field visits to farms and more time should have been allowed for trainees to study material presented to them. The course should be planned at a season when crops are growing and farm operations are being actively carried on.

Consideration should be given to working out a training program where the trainees would spend about two weeks at the beginning of the course at a State College where background material would be presented such as a history of agriculture in the United States, some statistical data, outlook information and the general credit situation affecting farmers. After this period the details of the operations of FHA could be presented in their proper perspective. The college staff is better qualified to give the background information but the whole course should be worked out by the college staff and FHA personnel so that the various parts of the training would be properly coordinated.

The personal relationships between members of the group and the training staff are very important. Training leaders should use all available means to gain the confidence and good will of each member of the group and to promote a friendly relationship between them so that the trainees will be at ease and feel free to participate in discussions. The group in this course, very early, were on a very friendly basis and by the end of the course strong bonds of friendship were made that will have lasting effects in the work these trainees do in their own country.



